

**U.S. House and Senate Notification**  
**Tuesday, July 13, 2010**

**To:** Congressional Health Staff

**From:** Amy Hall  
Director, Office of Legislation  
Centers for Medicare & Medicaid Services

**Subject:** CMS Releases Guidance Regarding Overpayments for Medicaid Services

Today, CMS released a State Medicaid Director letter on Section 6506 the Affordable Care Act. This letter is one of a series intended to provide guidance on the implementation the Affordable Care Act and gives guidance on Section 6506, entitled "Overpayments", which provides an extension of the period of time that is available for States to collect overpayments made to Medicaid providers.

Under section 6506, States now have up to one year from the date of discovery of an overpayment for Medicaid services to recover, or to attempt to recover, such overpayment before making an adjustment to refund the Federal share of the overpayment. Previously, States were allowed up to 60 days from the date of discovery of an overpayment to recover such overpayment before making the adjustment to the Federal share. Except in the case of overpayments resulting from fraud, the adjustment to refund the Federal share now must be made no later than the deadline for filing the quarterly expenditure report (Form CMS-64) for the quarter in which the one-year period ends, regardless of whether the State recovers the overpayment.

Section 6506 was effective March 23, 2010, the date of enactment of the Affordable Care Act. For overpayments identified prior to the effective date, the previous rules on discovery of overpayments will be in effect. CMS will issue guidance regarding additional aspects of section 6506 in the future.

If you have questions about this notification, please contact the CMS Office of Legislation. Thank you.